

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

May 8, 2014

VSEERS Members present:

Roger Dumas, Vice-Chairperson, VRSEA Representative (term expiring September 1, 2014)
Allen Blake, VRSEA Alternate Representative (term expiring September 1, 2014)
Jeff Briggs, VSEA Representative (term expiring September 1, 2014)
Paul White, Jr., VSEA Representative (term expiring September 1, 2014) – via telephone
Thomas Hango, VSEA Alternate (term expiring September 1, 2015)
Richard Johannesen, Governor's Delegate (ex-officio)
Kate Duffy, Commissioner of Human Resources (ex-officio)
Elizabeth Pearce, VT State Treasurer

Members absent:

Kevin Gaffney, Chairperson, VSEA Representative (term expiring September 1, 2015)
James Reardon, Commissioner of Finance & Management (ex-officio)

Also attending:

Matt Considine, Director of Investments
Katie Green, Investments Manager
Nick Foss, Investment Analyst
Karl Kroner and Chip Sanville, Great West Retirement Services
Members of the Public
Laurie Lanphear, Director of Retirement Operations
Monica Chiren, Assistant to Nancy Dimick

The Vice-Chairperson, Roger Dumas, called the Thursday, May 8, 2014, meeting to order at 9:05 a.m., which was held in the Governor's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: Approve the Minutes of:

- **April 10, 2014 regular meeting**

On motion by Ms. Pearce, seconded by Mr. Briggs, the Board voted unanimously to approve the minutes of April 10, 2014, regular meeting, as submitted.

ITEM 2: Discuss/act on disability retirement recommendations for:

- **Betsy A. Trombley**
- **Fire Jack Wolfe**

On motion by Mr. Briggs, seconded by Mr. Johannesen, the Board voted to accept the recommendation of the MRB to allow the disability retirement for Betsy A. Trombley, with a one-year review. Mr. Hango abstained from the vote. The motion carried.

On motion by Ms. Duffy, seconded by Mr. Hango, the Board voted unanimously to enter Executive Session at 9:07 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

(Mr. Considine, Ms. Green and the members of the public left the meeting at this time.)

(The Board exited Executive Session at 9:13 a.m.)

On motion by Mr. Briggs, seconded by Ms. Pearce, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Fire Jack Wolfe, with no review.

(Mr. Kroner, Mr. Sanville, Mr. Considine, Ms. Green, Mr. Foss and the members of the public entered the meeting at this time.)

ITEM 3: State of Vermont 457 Deferred Compensation Plan

- **Quarterly review for period ending March 31, 2014**
- **Discussion regarding JPAM and Putnam mergers**
- **Discuss T. Rowe Price Retirement 2060 Fund**

Mr. Kroner appeared before the Board and provided the Quarterly Report for March 31, 2014 for the 457 Deferred Compensation Plan. Mr. Kroner provided the plan overview. Mr. Kroner indicated there was an increase in the total assets of 1.5% from January 1, 2014 to March 31, 2014. Mr. Kroner indicated there is now a new column with the SRI information. There was a discussion concerning the number of participants. Mr. Briggs inquired whether they were making progress with the younger age groups participating in the plan. Mr. Kroner indicated they ran a report relative to age groups last year and would run another report for the next quarter. The Board discussed auto enrollment and what roadblocks they were coming up against.

There was a discussion concerning the average account value, contributions and the breakdown of assets by asset class. There was a discussion concerning the internet statistics. There was a discussion concerning transactions and distributions. There was a discussion concerning the managed accounts.

Mr. Sanville reviewed with the Board members the field activity for the quarter. Mr. Sanville reviewed with the Board members the 403(b) plan information.

Mr. Kroner reviewed with the Board members the ratings for Great West. Mr. Kroner reviewed the AAG (Advised Assets Group) fund performance for the quarter. Mr. Kroner indicated Ms. Baker would be at the next meeting to discuss the funds further.

Mr. Kroner discussed the T. Rowe Price Retirement 2060 Fund with the Board members. It was the consensus of the Board that the 2060 Fund did not have enough differences to be an advantage to add it to the 457 Deferred Comp line-up.

Mr. Kroner advised the Board members of the JPAM and Putnam mergers. Mr. Kroner answered all the questions posed by the Board members.

(Ms. Duffy left the meeting at 10:00 a.m.)

Mr. Sanville appeared before the Board and provided the Quarterly Report for March 31, 2014 for the SDIA Plan. Mr. Sanville indicated the slow decline is continuing, which is expected. Mr. Sanville reviewed with the Board members the distributions, and indicated there were no real surprises there either. Mr. Saville reviewed with the Board members the Key Talk and Internet statistics. It was indicated the rate of return was 2.64%.

(Mr. Kroner and Mr. Sanville left the meeting at this time.)

ITEM 4: Discuss/act on member's Appeal of Decision Regarding Health Insurance Premium

Ms. Lanphear provided the Board members the background information on this item. Ms. Lanphear responded to the questions posed by the Board members. Ms. Lanphear indicated the changes that have occurred since the switch from the CIGNA health insurance to the BCBS health insurance.

On motion by Mr. Briggs, seconded by Mr. Hango, and after a friendly amendment by Ms. Pearce the Board voted unanimously to deny the appeal of Ms. Norman with the understanding that if she would like to appear and speak to the Board she would be allowed to do so.

ITEM 5: Discuss 1-year extension to Buck Consultants actuarial contract

Ms. Pearce indicated to the Board members the implementation of GASB 67 and 68 was the reason behind their requesting an extension of the Buck Consultants actuarial contract up to June 30, 2015. Ms. Pearce answered the questions posed by the Board members. Ms. Pearce indicated they would need to obtain a waiver from the Deputy Secretary of Administration for the extension.

On motion by Mr. Briggs, seconded by Mr. Johannesen, the Board voted unanimously to extend the actuarial contract with Buck Consultations up to June 30, 2015 contingent upon successful negotiations.

ITEM 6: Update on 2014 Legislative activity

Ms. Pearce indicated the miscellaneous retirement bill did pass. Ms. Pearce reviewed the items in the miscellaneous retirement bill and indicated she would obtain the number of the bill for Mr. Dumas. There was a discussion concerning EGWP being implemented January 1, 2015 for the VSERS system. Ms. Pearce explained the agreement concerning the funding for the Teachers' health care.

ITEM 7: Any other business to come before the Board

Mr. Dumas indicated this would be the last in-house meeting that Mr. Johannesen would be attending. The Board members thanked Mr. Johannesen for his service to the Board. Mr. Johannesen thanked the Board for their kind words.

Mr. Dumas also thanked Monica Chiren for her service to the Board in taking the minutes and coordinating the meetings and indicated this would also be her last in-house meeting. Ms. Chiren thanked the Board members for their kind words.

Mr. Briggs thanked the Board members for the opportunity to attend the NCPERS conference and indicated he would provide his report when it was available.

ITEM 8: Adjournment

On motion by Mr. Johannesen, seconded by Ms. Pearce, the Board unanimously voted to adjourn at 10:31 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is a conference call meeting on Thursday, June 12, 2014 at 9:00 a.m.

Respectfully submitted,

Nancy Dimick
Secretary to the Board